

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3
Form N-Q
April 01, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT
COMPANY

Investment Company Act file number 811-10345

Nuveen Dividend Advantage Municipal Fund 3
(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive, Chicago, Illinois 60606
(Address of principal executive offices) (Zip code)

Kevin J. McCarthy
Vice President and Secretary
333 West Wacker Drive, Chicago, Illinois 60606
(Name and address of agent for service)

Registrant's telephone number, including area code: 312-917-7700

Date of fiscal year end: 10/31

Date of reporting period: 1/31/11

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Schedule of Investments

Portfolio of Investments (Unaudited)
Nuveen Dividend Advantage Municipal Fund 3 (NZF)
January 31, 2011

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|------------------------------|---|---------------------------------------|-------------|--------------|
| | Municipal Bonds – 150.6% (99.6% of Total Investments) | | | |
| | Alabama – 1.7% (1.1% of Total Investments) | | | |
| \$ 3,500 | Alabama Special Care Facilities Financing Authority, Revenue Bonds, Ascension Health, Series 2006C-2, 5.000%, 11/15/36 (UB) | 11/16 at 100.00 | Aa1 | \$ 3,280,655 |
| 5,655 | Alabama State Port Authority, Revenue Bonds, State Docks Department Facilities, Series 2001, 5.250%, 10/01/26 (Pre-refunded 10/01/11) – AMBAC Insured (Alternative Minimum Tax) | 10/11 at 100.00 | BBB (4) | 5,821,314 |
| 9,155 | Total Alabama | | | 9,101,969 |
| | Alaska – 0.1% (0.1% of Total Investments) | | | |
| 1,000 | Northern Tobacco Securitization Corporation, Alaska, Tobacco Settlement Asset-Backed Bonds, Series 2006A, 5.000%, 6/01/46 | 6/14 at 100.00 | Baa3 | 589,340 |
| 3,390 | Arizona – 0.9% (0.6% of Total Investments) | | | |
| | Arizona State Transportation Board, Highway Revenue Bonds, Series 2008, Trust 3151, 13.351%, 7/01/16 (IF) | No Opt. Call | AAA | 3,336,167 |
| 2,200 | Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Citigroup Energy Inc Prepay Contract Obligations, Series 2007, 5.000%, 12/01/37 | No Opt. Call | A | 1,871,958 |
| 5,590 | Total Arizona | | | 5,208,125 |
| | Arkansas – 0.7% (0.5% of Total Investments) | | | |
| | Sebastian County Health Facilities Board, Arkansas, Hospital Revenue Improvement Bonds, Sparks Regional Medical Center, Series 2001A: | | | |
| 1,805 | 5.500%, 11/01/13 (Pre-refunded 11/01/11) | 11/11 at 101.00 | N/R (4) | 1,890,593 |
| 1,900 | 5.500%, 11/01/14 (Pre-refunded 11/01/11) | 11/11 at 101.00 | N/R (4) | 1,990,098 |
| 3,705 | Total Arkansas | | | 3,880,691 |
| | California – 11.4% (7.6% of Total Investments) | | | |
| | California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A: | | | |
| 2,065 | 5.000%, 3/01/28 | 3/13 at 100.00 | A | 1,858,335 |
| 140 | 5.000%, 3/01/33 | 3/13 at 100.00 | A | 122,056 |

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| 3,400 | California Health Facilities Financing Authority, Revenue Bonds, Providence Health & Services, Series 2009B, 5.500%, 10/01/39 | 10/19 at 100.00 | AA | 3,281,000 |
| 2,900 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007A, 5.000%, 11/15/42 (UB) | 11/16 at 100.00 | AA- | 2,419,035 |
| 5,000 | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31 | 8/11 at 102.00 | A+ | 4,675,150 |
| 5,355 | California Statewide Community Development Authority, Revenue Bonds, Sutter Health, Tender Option Bond Trust 3175, 13.571%, 5/15/14 (IF) | No Opt. Call | AA- | 4,174,330 |
| 2,575 | California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.350%, 12/01/21 – NPF | 6/11 at 100.00 | AA | 2,575,077 |
| | Insured (Alternative Minimum Tax) | | | |
| | Ceres Unified School District, Stanislaus County, California, General Obligation Bonds, Series 2002B: | | | |
| 2,180 | 0.000%, 8/01/31 – FGIC Insured | 8/12 at 32.87 | A+ | 502,316 |
| 3,300 | 0.000%, 8/01/32 – FGIC Insured | 8/12 at 30.97 | A+ | 707,850 |
| 11,865 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.125%, 6/01/47 | 6/17 at 100.00 | Baa3 | 6,995,367 |
| | Los Angeles Regional Airports Improvement Corporation, California, Lease Revenue Refunding Bonds, LAXFUEL Corporation at Los Angeles International Airport, Series 2001: | | | |
| 10,510 | 5.750%, 1/01/16 – AMBAC Insured (Alternative Minimum Tax) | 1/12 at 100.00 | A- | 10,727,347 |
| 5,000 | 5.375%, 1/01/21 – AMBAC Insured (Alternative Minimum Tax) | 1/12 at 100.00 | A- | 5,018,350 |
| 1,500 | 5.250%, 1/01/23 – AMBAC Insured (Alternative Minimum Tax) | 1/12 at 100.00 | A- | 1,488,795 |
| 10,000 | 5.500%, 1/01/32 – AMBAC Insured (Alternative Minimum Tax) | 1/12 at 100.00 | A- | 9,312,400 |
| 12,000 | Palomar Pomerado Health, California, General Obligation Bonds, Convertible Capital Appreciation, Election 2004 Series 2010A, 0.000%, 8/01/40 | 8/30 at 100.00 | A+ | 6,247,080 |
| 10,000 | San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A, 0.000%, 1/15/35 – NPF | No Opt. Call | Baa1 | 1,213,700 |
| 3,000 | Insured San Mateo County Community College District, California, General Obligation Bonds, Series 2006C, 0.000%, 9/01/30 – NPF | No Opt. Call | Aaa | 918,900 |
| 90,790 | Total California | | | 62,237,088 |
| | Colorado – 6.4% (4.2% of Total Investments) | | | |
| 2,250 | Canterberry Crossing Metropolitan District II, Parker, Colorado, Limited Tax General Obligation Bonds, Series 2002, 7.375%, 12/01/32 (Pre-refunded 12/01/12) | 12/12 at 100.00 | N/R (4) | 2,483,415 |

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| 1,565 | Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Belle Creek Education Center, Series 2002A, 7.625%, 3/15/32 (Pre-refunded 3/15/13) | 3/13 at 100.00 | N/R (4) | 1,752,471 |
| 1,775 | Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Weld County School District 6 – Frontier Academy, Series 2001, 7.375%, 6/01/31 (Pre-refunded 6/01/11) | 6/11 at 100.00 | N/R (4) | 1,815,683 |
| 3,220 | Colorado Educational and Cultural Facilities Authority, Revenue Bonds, Montessori Peaks Academy, Series 2006A, 5.400%, 5/01/26 | 5/16 at 102.00 | N/R | 2,603,821 |
| 3,380 | Colorado Housing Finance Authority, Multifamily Project Bonds, Class I, Series 2001A-1, 5.500%, 4/01/31 (Alternative Minimum Tax) | 10/11 at 100.00 | AAA | 3,355,326 |
| 5,000 | Compark Business Campus Metropolitan District, Colorado, General Obligation Limited Tax Bonds, Series 2007, 5.600%, 12/01/34 – RAAI Insured | 12/17 at 100.00 | N/R | 3,663,950 |
| 3,300 | Denver City and County, Colorado, Airport Revenue Bonds, Series 2006, 5.000%, 11/15/24 – FGIC Insured | 11/16 at 100.00 | A+ | 3,348,279 |
| 5,365 | Denver, Colorado, Airport Revenue Bonds, Series 2006A: 5.000%, 11/15/23 – FGIC Insured (UB) | 11/16 at 100.00 | A+ | 5,479,435 |
| 4,335 | Denver City and County, Colorado, Airport System Revenue Refunding Bonds, Series 2001A, 5.000%, 11/15/25 – FGIC Insured (UB) | 11/16 at 100.00 | A+ | 4,369,333 |
| 2,000 | Denver City and County, Colorado, Airport System Revenue Refunding Bonds, Series 2001A, 5.500%, 11/15/16 – FGIC Insured (Alternative Minimum Tax) | 11/11 at 100.00 | A+ | 2,060,380 |
| 950 | Maher Ranch Metropolitan District 4, Colorado, General Obligation Limited Tax Bonds, Series 2007: 5.125%, 12/01/27 – RAAI Insured | 12/17 at 100.00 | N/R | 768,265 |
| 2,000 | Plaza Metropolitan District 1, Lakewood, Colorado, Tax Increment Revenue Bonds, Series 2003, 5.250%, 12/01/36 – RAAI Insured | 12/17 at 100.00 | N/R | 1,515,040 |
| 1,000 | Regional Transportation District, Colorado, Tax Increment Revenue Bonds, Series 2003, 8.000%, 12/01/25 | 6/14 at 101.00 | N/R | 973,830 |
| 630 | Regional Transportation District, Colorado, Certificates of Participation, Series 2010A, 5.375%, 6/01/31 | 6/20 at 100.00 | Aa3 | 616,984 |
| 36,770 | Total Colorado | | | 34,806,212 |
| | Delaware – 0.2% (0.1% of Total Investments) | | | |
| 1,055 | Delaware State Housing Authority, Multifamily Mortgage Revenue Bonds, Series 2001A, 5.400%, 7/01/24 | 7/12 at 100.00 | Aa3 | 1,088,032 |
| | District of Columbia – 0.6% (0.4% of Total Investments) | | | |
| 1,335 | Washington Convention Center Authority, District of Columbia, Senior Lien Dedicated Tax Revenue Bonds, Series 2007, Residuals 1606, 11.381%, 10/01/30 – AMBAC Insured (IF) | 10/16 at 100.00 | AA+ | 897,294 |
| 3,335 | | | AA+ | 2,241,554 |

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| | Washington Convention Center Authority, District of Columbia, Dedicated Tax Revenue Bonds, Tender Option Bond Trust 1730, 11.357%, 10/01/30 – AMBAC Insured (IF) | 10/16 at 100.00 | | |
| 4,670 | Total District of Columbia Florida – 1.6% (1.0% of Total Investments) Orange County Housing Finance Authority, Florida, Multifamily Housing Revenue Bonds, Oak Glen Apartments, Series 2001G: | | | 3,138,848 |
| 1,105 | 5.400%, 12/01/32 – AGM Insured | 12/11 at 100.00 | AA+ | 1,077,265 |
| 2,195 | 5.450%, 12/01/41 – AGM Insured | 12/11 at 100.00 | AA+ | 2,103,293 |
| 5,455 | South Miami Health Facilities Authority, Florida, Hospital Revenue, Baptist Health System Obligation Group, Series 2007, 5.000%, 8/15/42 (UB) | 8/17 at 100.00 | AA | 4,700,301 |
| 1,000 | Tolomato Community Development District, Florida, Special Assessment Bonds, Series 2007, 6.650%, 5/01/40 | 5/18 at 100.00 | N/R | 666,140 |
| 9,755 | Total Florida Georgia – 5.6% (3.7% of Total Investments) | | | 8,546,999 |
| 5,000 | Atlanta, Georgia, Airport General Revenue Bonds, Series 2000B, (Alternative Minimum Tax) | 7/11 at 100.50 | A+ | 4,869,250 |
| 15,000 | Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2010C, 5.250%, 1/01/30 | 1/21 at 100.00 | A1 | 14,561,700 |
| 2,700 | Atlanta, Georgia, Tax Allocation Bonds, Atlantic Station Project, Series 2001, 7.900%, 12/01/24 (Pre-refunded 12/01/11) | 12/11 at 101.00 | AAA | 2,895,237 |
| 3,000 | Franklin County Industrial Building Authority, Georgia, Revenue Bonds, Ty Cobb Regional Medical Center Project, Series 2010, 8.125%, 12/01/45 | 12/20 at 100.00 | N/R | 2,924,280 |
| 2,000 | Fulton County Residential Care Facilities Authority, Georgia, Revenue Bonds, Elderly Care, Lenbrook Square Project, Series 2006A, 5.125%, 7/01/42 | 7/17 at 100.00 | N/R | 1,196,980 |
| 3,740 | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2001, 5.500%, 5/15/31 (Pre-refunded 5/15/11) | 5/11 at 100.00 | N/R (4) | 3,795,988 |
| 500 | Gainesville Redevelopment Authority, Georgia, Educational Facilities Revenue Bonds, Riverside Military Academy Project, Series 2007, 5.125%, 3/01/37 | 3/17 at 100.00 | N/R | 360,405 |
| 31,940 | Total Georgia Illinois – 16.5% (10.9% of Total Investments) | | | 30,603,840 |
| 8,375 | Chicago, Illinois, Revenue Bonds, Midway Airport, Series 2001A, 5.500%, 1/01/19 – AGM Insured (Alternative Minimum Tax) | 1/12 at 100.00 | AA+ | 8,460,676 |
| 4,950 | Chicago, Illinois, Second Lien Passenger Facility Charge Revenue Bonds, O'Hare International Airport, Series 2001A, 5.375%, 1/01/32 – AMBAC Insured (Alternative Minimum Tax) | 7/11 at 101.00 | A2 | 4,472,028 |

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| 2,220 | Chicago, Illinois, Second Lien Wastewater Transmission Revenue Bonds, Series 2001A, 5.500%, 1/01/16 – NPMFG Insured | No Opt. Call | Aa3 | 2,411,564 |
| 10,000 | Chicago, Illinois, Senior Lien Water Revenue Bonds, Series 2001, 5.000%, 11/01/26 (Pre-refunded 11/01/11) – AMBAC Insured | 11/11 at 100.00 | Aa2 (4) | 10,346,200 |
| 1,165 | Chicago, Illinois, Third Lien General Airport Revenue Bonds, O'Hare International Airport, Series 2005A, 5.000%, 1/01/33 – FGIC Insured | 1/16 at 100.00 | A1 | 1,029,091 |
| 8,875 | Cook County, Illinois, General Obligation Bonds, Refunding Series 2010A, 5.250%, 11/15/33 | 11/20 at 100.00 | AA | 8,510,149 |
| 2,415 | Illinois Finance Authority, General Obligation Debt Certificates, Local Government Program – Kankakee County, Series 2005B, 5.000%, 12/01/24 – AMBAC Insured | 12/14 at 100.00 | A2 | 2,333,397 |
| 3,385 | Illinois Finance Authority, Revenue Bonds, Sherman Health Systems, Series 2007A, 5.500%, 8/01/37 | 8/17 at 100.00 | BBB | 2,837,036 |
| 9,000 | Illinois Health Facilities Authority, Revenue Bonds, Covenant Retirement Communities Inc., Series 2001, 5.875%, 12/01/31 | 12/11 at 101.00 | BBB– | 8,134,290 |
| 15,000 | Illinois Health Facilities Authority, Revenue Bonds, Loyola University Health System, Series 2001A, 6.125%, 7/01/31 (Pre-refunded 7/01/11) | 7/11 at 100.00 | Baa3 (4) | 15,347,100 |
| 5,000 | Lake County School District 38, Big Hollow, Illinois, General Obligation Bonds, Series 2005, 0.000%, 2/01/22 – AMBAC Insured | No Opt. Call | N/R | 2,410,000 |
| 7,000 | Lombard Public Facilities Corporation, Illinois, First Tier Conference Center and Hotel Revenue Bonds, Series 2005A-1, 7.125%, 1/01/36 | 1/16 at 100.00 | N/R | 4,674,740 |
| 12,000 | Metropolitan Pier and Exposition Authority, Illinois, McCormick Place Expansion Project Refunding Bonds, Series 2010A, 5.500%, 6/15/50 | 6/20 at 100.00 | AAA | 10,970,880 |
| 45,000 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Capital Appreciation Refunding Series 2010B-1, 0.000%, 6/15/43 – AGM Insured | No Opt. Call | AAA | 4,974,750 |
| 2,790 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1998A, 5.500%, 6/15/29 – FGIC Insured | No Opt. Call | AAA | 2,792,037 |
| 137,175 | Total Illinois Indiana – 6.2% (4.1% of Total Investments) | | | 89,703,938 |
| 1,255 | Clark-Pleasant Community School Building Corporation, Indiana, First Mortgage Bonds, Series 2001: 5.000%, 7/15/21 (Pre-refunded 1/15/12) – AMBAC Insured | 1/12 at 100.00 | AA+ (4) | 1,308,363 |
| 1,000 | Evansville Vanderburgh Public Library Lease Corporation, Indiana, First Mortgage Bonds, Series 2001: 5.000%, 1/15/26 (Pre-refunded 1/15/12) – AMBAC Insured | 1/12 at 100.00 | AA+ (4) | 1,042,520 |
| 2,000 | 5.750%, 7/15/18 (Pre-refunded 1/15/12) – NPMFG Insured | 1/12 at 100.00 | A+ (4) | 2,101,280 |

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| | | | 1/12 at | | |
| 2,750 | 5.125%, 1/15/24 (Pre-refunded 1/15/12) – NPMG Insured | | 100.00 | A+ (4) | 2,872,898 |
| | Hamilton Southeastern Cumberland Campus School Building | | 1/12 at | | |
| 1,250 | Corporation, Indiana, First Mortgage | | 100.00 | A (4) | 1,305,863 |
| | Bonds, Series 2001, 5.125%, 1/15/23 (Pre-refunded 1/15/12) – | | | | |
| | AMBAC Insured | | | | |
| 9,500 | Indiana Educational Facilities Authority, Revenue Bonds, Butler | | 2/11 at | | |
| | University, Series 2001, | | 100.00 | Baa1 | 9,499,620 |
| | 5.500%, 2/01/26 – NPMG Insured | | | | |
| 4,230 | Indiana Finance Authority, Educational Facilities Revenue Bonds, | | 6/15 at | | |
| | Tudor Park Foundation, Series | | 100.00 | Aa3 | 4,283,425 |
| | 2005B, 5.000%, 6/01/24 | | | | |
| 2,600 | Indiana Health Facility Financing Authority, Revenue Bonds, | | 5/15 at | | |
| | Community Hospitals of Indiana, | | 100.00 | A | 2,260,804 |
| | Series 2005A, 5.000%, 5/01/35 – AMBAC Insured | | | | |
| 3,500 | University of Southern Indiana, Student Fee Revenue Bonds, Series | | 10/11 at | | |
| | 2001H, 5.000%, 10/01/21 – | | 100.00 | A1 | 3,517,850 |
| | AMBAC Insured | | | | |
| | Vigo County Hospital Authority, Indiana, Revenue Bonds, Union | | | | |
| | Hospital, Series 2007: | | | | |
| | | | 9/17 at | | |
| 2,500 | 5.750%, 9/01/42 | | 100.00 | N/R | 2,052,925 |
| | | | 9/17 at | | |
| 2,500 | 5.800%, 9/01/47 | | 100.00 | N/R | 2,037,300 |
| | Wayne County Jail Holding Corporation, Indiana, First Mortgage | | 1/13 at | | |
| 1,090 | Bonds, Series 2001, 5.500%, | | 101.00 | A1 (4) | 1,200,831 |
| | 7/15/22 (Pre-refunded 1/15/13) – AMBAC Insured | | | | |
| 34,175 | Total Indiana | | | | 33,483,679 |
| | Iowa – 5.7% (3.8% of Total Investments) | | | | |
| 2,000 | Iowa Finance Authority, Healthcare Revenue Bonds, Great River | | 5/11 at | | |
| | Medical Center, Series 2001, | | 100.00 | Aa3 | 1,870,740 |
| | 5.250%, 5/15/31 – AGM Insured | | | | |
| 1,000 | Iowa Tobacco Settlement Authority, Asset Backed Settlement | | 6/15 at | | |
| | Revenue Bonds, Series 2005C, | | 100.00 | BBB | 657,030 |
| | 5.625%, 6/01/46 | | | | |
| | Iowa Tobacco Settlement Authority, Tobacco Settlement | | | | |
| | Asset-Backed Revenue Bonds, Series 2001B: | | | | |
| | | | 6/11 at | | |
| 23,665 | 5.300%, 6/01/25 (Pre-refunded 6/01/11) | | 101.00 | AAA | 24,259,228 |
| | | | 6/11 at | | |
| 3,950 | 5.600%, 6/01/35 (Pre-refunded 6/01/11) | | 101.00 | AAA | 4,057,480 |
| 30,615 | Total Iowa | | | | 30,844,478 |
| | Kansas – 0.3% (0.2% of Total Investments) | | | | |
| | Manhattan Health Care Facility Revenue Bonds, Kansas, | | | | |
| | Meadowlarks Hills Retirement, Series 2007B: | | | | |
| | | | 5/14 at | | |
| 1,000 | 5.125%, 5/15/37 | | 103.00 | N/R | 744,860 |
| | | | 5/14 at | | |
| 1,000 | 5.125%, 5/15/42 | | 103.00 | N/R | 728,330 |
| 2,000 | Total Kansas | | | | 1,473,190 |
| | Kentucky – 3.6% (2.4% of Total Investments) | | | | |

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| 1,000 | Kentucky Economic Development Finance Authority, Louisville Arena Project Revenue Bonds, Louisville Arena Authority, Inc., Series 2008-A1, 6.000%, 12/01/42 – AGC Insured | 6/18 at 100.00 | AA+ | 1,015,650 |
| 18,500 | Louisville and Jefferson County Metropolitan Sewer District, Kentucky, Sewer and Drainage System Revenue Bonds, Series 2001A, 5.125%, 5/15/27 – NPF Insured | 11/11 at 101.00 | AA- | 18,620,250 |
| 19,500 | Total Kentucky Louisiana – 4.6% (3.0% of Total Investments) | | | 19,635,900 |
| 3,000 | Louisiana Local Government Environmental Facilities & Community Development Authority, Revenue Bonds, Westlake Chemical Corporation Project, Series 2007, 6.750%, 11/01/32 | 11/17 at 100.00 | BBB- | 3,030,600 |
| 3,700 | Louisiana Public Facilities Authority, Revenue Bonds, Ochsner Clinic Foundation Project, Series 2007A, 5.500%, 5/15/47 | 5/17 at 100.00 | Baa1 | 2,966,771 |
| 20,890 | Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 5.875%, 5/15/39 | 5/11 at 101.00 | A- | 19,057,529 |
| 27,590 | Total Louisiana Maine – 0.3% (0.2% of Total Investments) | | | 25,054,900 |
| 1,440 | Maine State Housing Authority, Single Family Mortgage Purchase Bonds, Series 2001B, 5.500%, 11/15/32 (Alternative Minimum Tax) | 5/11 at 100.00 | AA+ | 1,421,870 |
| 1,000 | Maryland – 2.7% (1.8% of Total Investments) Howard County, Maryland, Retirement Community Revenue Bonds, Vantage House, Series 2007B, 5.250%, 4/01/37 | 4/17 at 100.00 | N/R | 704,430 |
| 1,570 | Maryland Community Development Administration, Insured Multifamily Housing Mortgage Loan Revenue Bonds, Series 2001B, 5.250%, 7/01/21 (Alternative Minimum Tax) | 7/11 at 100.00 | Aa2 | 1,573,234 |
| 2,000 | Maryland Economic Development Corporation, Revenue Bonds, Chesapeake Bay Hyatt Conference Center, Series 2006A, 5.000%, 12/01/31 | 12/16 at 100.00 | N/R | 1,252,880 |
| 10,600 | Maryland Energy Financing Administration, Revenue Bonds, AES Warrior Run Project, Series 1995, 7.400%, 9/01/19 (Alternative Minimum Tax) | 3/11 at 100.00 | N/R | 10,598,092 |
| 555 | Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Mercy Ridge Retirement Community, Series 2007, 4.750%, 7/01/34 | 7/17 at 100.00 | A- | 485,336 |
| 15,725 | Total Maryland Massachusetts – 2.9% (1.9% of Total Investments) | | | 14,613,972 |
| 1,375 | Massachusetts Development Finance Agency, Revenue Bonds, Orchard Cove, Series 2007, 5.250%, 10/01/26 | 10/12 at 102.00 | N/R | 1,098,446 |
| 1,000 | Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Milton Hospital Project, Series 2005D, 5.250%, 7/01/30 | 7/15 at 100.00 | BB- | 713,470 |
| 1,600 | | | BBB | 1,542,496 |

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| | Massachusetts Health and Educational Facilities Authority, Revenue Refunding Bonds, Suffolk University Issue, Series 2009A, 5.750%, 7/01/39 | 7/19 at 100.00 | | |
| 4,860 | Massachusetts Housing Finance Agency, Single Family Housing Revenue Bonds, Series 2008, Trust 3145, 15.199%, 6/01/16 (IF) | No Opt. Call | AA | 4,794,244 |
| 5,000 | Massachusetts Port Authority, Special Facilities Revenue Bonds, Delta Air Lines Inc., Series 2001A, 5.500%, 1/01/18 – AMBAC Insured (Alternative Minimum Tax) | 7/11 at 101.00 | N/R | 4,517,600 |
| 3,465 | Massachusetts Water Resources Authority, General Revenue Bonds, Series 2007A, 4.500%, 8/01/46 – AGM Insured (UB) (5) | 2/17 at 100.00 | AA+ | 3,039,117 |
| 17,300 | Total Massachusetts Michigan – 9.4% (6.2% of Total Investments) | | | 15,705,373 |
| 15,000 | Detroit City School District, Wayne County, Michigan, Unlimited Tax School Building and Site Improvement Bonds, Series 2001A, 6.000%, 5/01/29 – AGM Insured (UB) | No Opt. Call | AA+ | 14,889,900 |
| 2,000 | Garden City Hospital Finance Authority, Michigan, Revenue Bonds, Garden City Hospital Obligated Group, Series 2007A, 5.000%, 8/15/38 | 8/17 at 100.00 | N/R | 1,247,960 |
| 11,000 | Kent Hospital Finance Authority, Michigan, Revenue Bonds, Spectrum Health, Series 2001A, 5.500%, 1/15/31 (Pre-refunded 7/15/11) | 7/11 at 101.00 | AA (4) | 11,363,440 |
| 1,165 | Michigan State Building Authority, Revenue Bonds, Facilities Program, Series 2001I, 5.500%, 10/15/18 | 10/11 at 100.00 | Aa3 | 1,193,368 |
| 70 | Michigan State Building Authority, Revenue Bonds, Facilities Program, Series 2001I, 5.500%, 10/15/18 (Pre-refunded 10/15/11) | 10/11 at 100.00 | A+ (4) | 72,471 |
| 3,210 | Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sisters of Mercy Health Corporation, Series 1993P, 5.375%, 8/15/14 – NPFG Insured (ETM) | No Opt. Call | AAA | 3,437,910 |
| 1,400 | Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sparrow Obligated Group, Series 2001: 5.500%, 11/15/21 (Pre-refunded 11/15/11) | 11/11 at 101.00 | A+ (4) | 1,469,034 |
| 2,500 | Michigan State Hospital Finance Authority, Revenue Bonds, Trinity Health Care Group, Series 2006A, 5.000%, 12/01/31 (UB) | 11/11 at 101.00 | A+ (4) | 2,625,725 |
| 3,500 | Royal Oak Hospital Finance Authority, Michigan, Hospital Revenue Bonds, William Beaumont Hospital, Series 2001M, 5.250%, 11/15/31 – NPFG Insured | 12/16 at 100.00 | AA | 3,199,210 |
| 12,640 | Total Michigan Minnesota – 1.3% (0.8% of Total Investments) | 11/11 at 100.00 | A1 | 11,355,144 |
| 52,485 | | | | 50,854,162 |
| 2,215 | | | Aaa | 2,236,884 |

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| | Dakota County Community Development Agency, Minnesota, GNMA Collateralized Multifamily Housing Revenue Bonds, Rose Apartments Project, Series 2001, 6.350%, 10/20/37 (Alternative Minimum Tax) | 10/11 at 105.00 | | |
| 3,000 | Minnesota State, General Obligation Bonds, Various Purpose, Refunding Series 2010D, 5.000%, 8/01/18 | No Opt. Call | AAA | 3,482,640 |
| 1,375 | Saint Paul Port Authority, Minnesota, Lease Revenue Bonds, Regions Hospital Parking Ramp Project, Series 2007-1, 5.000%, 8/01/36 | 8/16 at 100.00 | N/R | 1,118,329 |
| 6,590 | Total Minnesota Mississippi – 0.9% (0.6% of Total Investments) | | | 6,837,853 |
| 2,155 | Mississippi Business Finance Corporation, GNMA Collateralized Retirement Facility Mortgage Revenue Refunding Bonds, Aldersgate Retirement Community Inc. Project, Series 1999A, 5.450%, 5/20/34 | 5/11 at 101.00 | AAA | 2,095,263 |
| 3,000 | Mississippi Hospital Equipment and Facilities Authority, Revenue Bonds, Baptist Memorial Healthcare, Series 2004B-1, 5.000%, 9/01/24 (UB) | 9/14 at 100.00 | AA | 3,012,570 |
| 5,155 | Total Mississippi Missouri – 3.1% (2.1% of Total Investments) | | | 5,107,833 |
| 1,495 | Cape Girardeau County Industrial Development Authority, Missouri, Health Facilities Revenue Bonds, Southeast Missouri Hospital Association, Series 2007, 5.000%, 6/01/36 | 6/17 at 100.00 | N/R | 1,230,908 |
| 1,000 | Clinton County Industrial Development Authority, Missouri, Revenue Bonds, Cameron Regional Medical Center, Series 2007, 5.000%, 12/01/32 | 12/17 at 100.00 | N/R | 689,420 |
| 1,825 | Fenton, Missouri, Tax Increment Refunding and Improvement Revenue Bonds, Gravois Bluffs Redevelopment Project, Series 2002, 6.125%, 10/01/21 (Pre-refunded 10/01/12) | 10/12 at 100.00 | N/R (4) | 1,979,651 |
| 3,335 | Missouri Development Finance Board, Cultural Facilities Revenue Bonds, Nelson Gallery Foundation, Series 2001A: 5.250%, 12/01/19 (Pre-refunded 12/01/11) – NPMFG Insured | 12/11 at 100.00 | AA– (4) | 3,470,034 |
| 3,510 | 5.250%, 12/01/20 (Pre-refunded 12/01/11) – NPMFG Insured | 12/11 at 100.00 | AA– (4) | 3,652,120 |
| 3,695 | 5.250%, 12/01/21 (Pre-refunded 12/01/11) – NPMFG Insured | 12/11 at 100.00 | AA– (4) | 3,844,611 |
| 2,040 | 5.250%, 12/01/22 (Pre-refunded 12/01/11) – NPMFG Insured | 12/11 at 100.00 | AA– (4) | 2,122,600 |
| 16,900 | Total Missouri Montana – 0.9% (0.6% of Total Investments) | | | 16,989,344 |
| 5,000 | Montana Board of Investments, Exempt Facility Revenue Bonds, Stillwater Mining Company, Series 2000, 8.000%, 7/01/20 (Alternative Minimum Tax) | 7/11 at 100.50 | B+ | 5,003,600 |
| | Nebraska – 1.6% (1.0% of Total Investments) | | | |

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Nebraska Investment Finance Authority, Single Family Housing
Revenue Bonds, Series 2001D:

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| | | 3/11 at | | |
| 1,000 | 5.250%, 9/01/21 (Pre-refunded 3/01/11) (Alternative Minimum Tax) | 100.00 | AAA | 1,002,130 |
| | | 3/11 at | | |
| 1,315 | 5.375%, 9/01/32 (Pre-refunded 3/01/11) (Alternative Minimum Tax) | 100.00 | AAA | 1,341,063 |
| | Nebraska Investment Finance Authority, Single Family Housing | 9/20 at | | |
| 5,000 | Revenue Bonds, Series 2010A, | 100.00 | AAA | 5,043,100 |
| | 6.050%, 9/01/41 | | | |
| | Omaha Public Power District, Nebraska, Separate Electric System | 2/17 at | | |
| 1,005 | Revenue Bonds, Nebraska | 100.00 | AA+ | 1,154,232 |
| | City 2, Series 2006A, 19.388%, 8/01/40 – AMBAC Insured (IF) | | | |
| 8,320 | Total Nebraska | | | 8,540,525 |
| | Nevada – 3.8% (2.5% of Total Investments) | | | |
| | Clark County, Nevada, Airport Revenue Bonds, Subordinte Lien | 1/20 at | | |
| 10,000 | Series 2010B, 5.750%, 7/01/42 | 100.00 | Aa3 | 9,913,200 |
| | Clark County, Nevada, Passenger Facility Charge Revenue Bonds, | 1/20 at | | |
| 6,000 | Las Vegas-McCarran | 100.00 | Aa3 | 5,437,140 |
| | International Airport, Series 2010A, 5.250%, 7/01/42 | | | |
| | Director of Nevada State Department of Business and Industry, | 7/11 at | | |
| 2,000 | Revenue Bonds, Las Vegas | 100.00 | N/R | 447,540 |
| | Monorail Project, First Tier, Series 2000, 5.375%, 1/01/40 – AMBAC | | | |
| | Insured (6) | | | |
| | Director of Nevada State Department of Business and Industry, | 1/12 at | | |
| 4,000 | Revenue Bonds, Las Vegas | 100.00 | N/R | 8,000 |
| | Monorail Project, Second Tier, Series 2000, 7.375%, 1/01/40 (6) | | | |
| | Nevada Housing Division, Single Family Mortgage Bonds, Senior | 4/11 at | | |
| 155 | Series 1998A-1, 5.300%, 4/01/18 | 100.00 | Aaa | 158,061 |
| | (Alternative Minimum Tax) | | | |
| | University of Nevada, Revenue Bonds, Community College System, | 1/12 at | | |
| 4,290 | Series 2001A, 5.250%, 7/01/26 | 100.00 | Aa2 (4) | 4,479,146 |
| | (Pre-refunded 1/01/12) – FGIC Insured | | | |
| 26,445 | Total Nevada | | | 20,443,087 |
| | New Hampshire – 0.4% (0.2% of Total Investments) | | | |
| | New Hampshire Health and Education Authority, Hospital Revenue | 10/11 at | | |
| 2,000 | Bonds, Concord Hospital, Series | 101.00 | Aa3 | 2,028,940 |
| | 2001, 5.500%, 10/01/21 – AGM Insured | | | |
| | New Jersey – 5.1% (3.4% of Total Investments) | | | |
| | New Jersey Economic Development Authority, Water Facilities | 11/12 at | | |
| 10,000 | Revenue Bonds, American Water | 101.00 | A2 | 9,289,300 |
| | Company, Series 2002A, 5.250%, 11/01/32 – AMBAC Insured | | | |
| | (Alternative Minimum Tax) | | | |
| | New Jersey Health Care Facilities Financing Authority, Revenue | 7/13 at | | |
| 620 | Bonds, Somerset Medical Center, | 100.00 | Ba2 | 464,244 |
| | Series 2003, 5.500%, 7/01/33 | | | |
| | New Jersey Transit Corporation, Certificates of Participation, Federal | No Opt. | | |
| 4,125 | Transit Administration | Call | Aa3 | 4,456,403 |
| | Grants, Series 2002A, 5.500%, 9/15/13 – AMBAC Insured | | | |
| | New Jersey Transportation Trust Fund Authority, Transportation | No Opt. | | |
| 12,970 | System Bonds, Capital | Call | Aa3 | 2,828,757 |
| | Appreciation Series 2010A, 0.000%, 12/15/33 | | | |

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| 20,000 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C, 0.000%, 12/15/28 – AMBAC Insured | No Opt. Call | Aa3 | 6,277,400 |
| 7,045 | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2007-1A, 4.750%, 6/01/34 | 6/17 at 100.00 | Baa3 | 4,208,401 |
| 54,760 | Total New Jersey | | | 27,524,505 |
| | New York – 5.2% (3.5% of Total Investments) | | | |
| 900 | Albany Industrial Development Agency, New York, Revenue Bonds, Brighter Choice Charter Schools, Series 2007A, 5.000%, 4/01/32 | 4/17 at 100.00 | N/R | 689,652 |
| | Brooklyn Areba Local Development Corporation, New York, Payment in Lieu of Taxes Revenue Bonds, Barclays Center Project, Series 2009: | | | |
| 1,275 | 6.000%, 7/15/30 | 1/20 at 100.00 | BBB– | 1,242,156 |
| 3,400 | 0.000%, 7/15/44 | No Opt. Call | BBB– | 313,854 |
| 1,780 | East Rochester Housing Authority, New York, GNMA Secured Revenue Bonds, Gates Senior Housing Inc., Series 2001, 5.300%, 4/20/31 | 10/11 at 101.00 | N/R | 1,772,204 |
| 5,010 | Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Series 2006A, 4.500%, 2/15/47 – NPMFG Insured | 2/17 at 100.00 | A | 3,799,835 |
| 4,155 | Monroe County Airport Authority, New York, Revenue Refunding Bonds, Greater Rochester International Airport, Series 1999, 5.750%, 1/01/13 – NPMFG Insured (Alternative Minimum Tax) | No Opt. Call | Baa1 | 4,363,373 |
| 8,000 | New York City Industrial Development Agency, New York, American Airlines-JFK International Airport Special Facility Revenue Bonds, Series 2005, 7.750%, 8/01/31 (Alternative Minimum Tax) | 8/16 at 101.00 | B– | 8,343,360 |
| 3,125 | New York City Municipal Water Finance Authority, New York, Water and Sewer System Revenue Bonds, Second Generation Resolution, Fiscal 2011 Series EE, 5.375%, 6/15/43 | 12/20 at 100.00 | AA+ | 3,141,438 |
| 910 | New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 – NPMFG Insured | 8/12 at 100.00 | AA | 962,480 |
| 1,590 | New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 (Pre-refunded 8/01/12) – NPMFG Insured | 8/12 at 100.00 | AA (4) | 1,711,094 |
| 2,000 | New York State Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed and State Contingency Contract-Backed Bonds, Series 2003B-1C, 5.500%, 6/01/16 | 6/11 at 100.00 | AA– | 2,026,720 |
| 32,145 | Total New York | | | 28,366,166 |
| | North Carolina – 1.1% (0.7% of Total Investments) | | | |
| 1,710 | Charlotte-Mecklenberg Hospital Authority, North Carolina, Carolinas HealthCare System Revenue Bonds, Series 2008, Trust 1149, 14.813%, 7/15/32 (IF) | 1/18 at 100.00 | AA– | 1,092,810 |

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| 1,200 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Health Care System Revenue Bonds, Carolinas Health Care, Series 2007A, 5.000%, 1/15/31 | 1/17 at 100.00 | AA- | 1,105,980 |
| 1,750 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 4.875%, 1/15/32 (Pre-refunded 1/15/15) | 1/15 at 100.00 | AAA | 1,976,853 |
| 515 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13 (ETM) | No Opt. Call | N/R (4) | 560,892 |
| 1,085 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13 | No Opt. Call | A | 1,171,409 |
| 6,260 | Total North Carolina Ohio – 0.8% (0.5% of Total Investments) Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2: | | | 5,907,944 |
| 3,135 | 5.125%, 6/01/24 | 6/17 at 100.00 | Baa3 | 2,363,759 |
| 710 | 5.875%, 6/01/30 | 6/17 at 100.00 | Baa3 | 495,452 |
| 685 | 5.750%, 6/01/34 | 6/17 at 100.00 | Baa3 | 454,306 |
| 1,570 | 5.875%, 6/01/47 | 6/17 at 100.00 | Baa3 | 1,034,159 |
| 6,100 | Total Ohio Oklahoma – 2.0% (1.3% of Total Investments) Oklahoma Development Finance Authority, Revenue Bonds, Saint John Health System, Series 2007: | | | 4,347,676 |
| 4,370 | 5.000%, 2/15/37 | 2/17 at 100.00 | A | 3,985,003 |
| 955 | 5.000%, 2/15/42 | 2/17 at 100.00 | A | 858,192 |
| 6,305 | Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2006, 5.000%, 12/15/36 (UB) | 12/16 at 100.00 | AA+ | 5,896,940 |
| 88 | Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2006, Trust 3500, 8.331%, 6/15/30 (IF) | 12/16 at 100.00 | AA+ | 77,634 |
| 11,718 | Total Oklahoma Oregon – 0.9% (0.6% of Total Investments) | | | 10,817,769 |
| 4,700 | Oregon Health, Housing, Educational and Cultural Facilities Authority, Revenue Bonds, PeaceHealth Project, Series 2001, 5.250%, 11/15/21 – AMBAC Insured | 11/11 at 101.00 | A+ | 4,749,115 |
| 500 | Pennsylvania – 1.3% (0.9% of Total Investments) Bucks County Industrial Development Authority, Pennsylvania, Charter School Revenue Bonds, | 3/17 at 100.00 | BBB | 383,220 |
| 3,500 | School Lane Charter School, Series 2007A, 5.000%, 3/15/37 | | CC | 1,912,750 |

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| | Pennsylvania Economic Development Financing Authority, Senior Lien Resource Recovery Revenue Bonds, Northampton Generating Project, Series 1994A, 6.600%, 1/01/19 (Alternative Minimum Tax) | 7/11 at 100.00 | | |
| 1,400 | Pennsylvania Higher Educational Facilities Authority, Revenue Bonds, St. Joseph's University, Series 2010A, 5.000%, 11/01/40 | 11/20 at 100.00 | A- | 1,282,666 |
| 3,205 | Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 2002B, 5.625%, 8/01/16 (Pre-refunded 8/01/12) – FGIC Insured | 8/12 at 100.00 | Aa2 (4) | 3,447,394 |
| 8,605 | Total Pennsylvania Puerto Rico – 0.4% (0.3% of Total Investments) | | | 7,026,030 |
| 2,500 | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, Series 2007A, 5.250%, 8/01/57 | 8/17 at 100.00 | Aa2 | 2,405,200 |
| 3,680 | Tennessee – 1.3% (0.8% of Total Investments) Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue Refunding Bonds, Covenant Health, Series 2006A, 0.000%, 1/01/41 | 1/17 at 30.07 | A- | 508,245 |
| 5,210 | Memphis-Shelby County Airport Authority, Tennessee, Airport Revenue Bonds, Series 2001A, 5.500%, 3/01/14 – AGM Insured (Alternative Minimum Tax) | 3/11 at 100.00 | AA+ | 5,225,161 |
| 275 | Sullivan County Health Educational and Housing Facilities Board, Tennessee, Revenue Bonds, Wellmont Health System, Series 2006C, 5.250%, 9/01/36 | 9/16 at 100.00 | BBB+ | 233,299 |
| 100 | Sumner County Health, Educational, and Housing Facilities Board, Tennessee, Revenue Refunding Bonds, Sumner Regional Health System Inc., Series 2007: 5.500%, 11/01/37 (6), (7) | 11/17 at 100.00 | N/R | 40,000 |
| 350 | Tennessee Housing Development Agency, Homeownership Program Bonds, Series 2001-3A, 5.200%, 7/01/22 (Alternative Minimum Tax) | 11/17 at 100.00 | N/R | 140,000 |
| 760 | | 7/11 at 100.00 | AA+ | 760,927 |
| 10,375 | Total Tennessee Texas – 21.7% (14.4% of Total Investments) | | | 6,907,632 |
| 5,445 | Board of Regents, University of Texas System, Financing System Revenue Bonds, Series 2006F, 4.250%, 8/15/36 (UB) | 2/17 at 100.00 | AAA | 4,892,115 |
| 3,850 | Dallas-Ft. Worth International Airport, Texas, Joint Revenue Refunding and Improvement Bonds, Series 2001A, 5.500%, 11/01/35 – NPMFG Insured (Alternative Minimum Tax) | 11/11 at 100.00 | A+ | 3,662,505 |
| 5,000 | Decatur Hospital Authority, Texas, Revenue Bonds, Wise Regional Health System, Series 2004A, 7.000%, 9/01/25 | 9/14 at 100.00 | N/R | 4,848,900 |
| 4,040 | Harris County, Texas, Tax and Revenue Certificates of Obligation, Series 2001, 5.000%, 8/15/27 (Pre-refunded 8/15/11) | 8/11 at 100.00 | AAA | 4,141,929 |
| 6,000 | | | N/R (4) | 6,626,100 |

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| | Houston, Texas, Junior Lien Water and Sewerage System Revenue Refunding Bonds, Series 2001B, 5.500%, 12/01/29 – NPFPG Insured (ETM) | No Opt. Call | | |
| 7,000 | Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Series 1998B, 5.250%, 7/01/14 – NPFPG Insured (Alternative Minimum Tax) | 7/11 at 100.00 | A | 7,015,820 |
| 2,525 | Houston, Texas, Subordinate Lien Airport System Revenue Refunding Bonds, Series 2001A: 5.500%, 7/01/13 – FGIC Insured (Alternative Minimum Tax) | 1/12 at 100.00 | A | 2,617,289 |
| 2,905 | 5.500%, 7/01/14 – FGIC Insured (Alternative Minimum Tax) | 1/12 at 100.00 | A | 3,011,178 |
| 14,200 | Hutto Independent School District, Williamson County, Texas, General Obligation Bonds, Series 2007A, 4.750%, 8/01/43 (UB) | 8/16 at 100.00 | AAA | 13,382,932 |
| | Jefferson County Health Facilities Development Corporation, Texas, FHA-Insured Mortgage Revenue Bonds, Baptist Hospital of Southeast Texas, Series 2001: | | | |
| 8,500 | 5.400%, 8/15/31 (Pre-refunded 8/15/11) – AMBAC Insured | 8/11 at 100.00 | N/R (4) | 8,707,910 |
| 8,500 | 5.500%, 8/15/41 (Pre-refunded 8/15/11) – AMBAC Insured | 8/11 at 100.00 | N/R (4) | 8,712,500 |
| 3,090 | Laredo Independent School District, Webb County, Texas, General Obligation Refunding Bonds, Series 2001, 5.000%, 8/01/25 | 8/11 at 100.00 | AAA | 3,125,473 |
| 7,610 | Laredo Independent School District, Webb County, Texas, General Obligation Refunding Bonds, Series 2001, 5.000%, 8/01/25 (Pre-refunded 8/01/11) | 8/11 at 100.00 | Aaa | 7,788,226 |
| 8,000 | Lower Colorado River Authority, Texas, Transmission Contract Refunding Revenue Bonds, LCRA | 5/20 at 100.00 | A | 7,442,480 |
| | Transmission Services Corporation Project, Refunding & Improvement Series 2010, 5.000%, 5/15/40 | | | |
| 2,500 | Matagorda County Navigation District 1, Texas, Collateralized Revenue Refunding Bonds, Houston | No Opt. Call | A3 | 2,176,475 |
| | Light and Power Company, Series 1997, 5.125%, 11/01/28 – AMBAC Insured (Alternative Minimum Tax) | | | |
| 3,150 | North Texas Tollway Authority, Second Tier System Revenue Refunding Bonds, Series 2008F, 5.750%, 1/01/38 | 1/18 at 100.00 | A3 | 2,942,006 |
| 3,045 | Port of Houston Authority, Harris County, Texas, General Obligation Port Improvement Bonds, Series 2001B, 5.500%, 10/01/17 – FGIC Insured (Alternative Minimum Tax) | 10/11 at 100.00 | AAA | 3,090,249 |
| 3,500 | Southwest Higher Education Authority Inc, Texas, Revenue Bonds, Southern Methodist University, Series 2010, 5.000%, 10/01/41 | No Opt. Call | AA– | 3,323,705 |
| 7,700 | Tarrant County Cultural & Educational Facilities Financing Corporation, Texas, Revenue Bonds, | 2/17 at 100.00 | AA– | 7,189,644 |
| 8,980 | Texas Health Resources, Series 2007A, 5.000%, 2/15/36 (UB) | | AAA | 8,609,755 |

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| Texas Department of Housing and Community Affairs, Residential Mortgage Revenue Bonds, Series 2001A, 5.350%, 7/01/33 (Alternative Minimum Tax) | 7/11 at 100.00 | | |
| White Settlement Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2006: | | | |
| 9,110 0.000%, 8/15/37 | 8/15 at 31.98 | AAA | 2,034,172 |
| 9,110 0.000%, 8/15/40 | 8/15 at 27.11 | AAA | 1,698,833 |
| 7,110 0.000%, 8/15/44 | 8/15 at 21.88 | AAA | 1,036,069 |
| 140,870 Total Texas | | | 118,076,265 |
| Utah – 0.4% (0.3% of Total Investments) | | | |
| Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001E: | | | |
| 665 5.200%, 1/01/18 (Alternative Minimum Tax) | 7/11 at 100.00 | AA– | 669,223 |
| 240 5.500%, 1/01/23 (Alternative Minimum Tax) | 7/11 at 100.00 | Aaa | 242,801 |
| Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001F-1: | | | |
| 1,075 4.950%, 7/01/18 (Alternative Minimum Tax) | 7/11 at 100.00 | AA– | 1,088,545 |
| 360 5.300%, 7/01/23 (Alternative Minimum Tax) | 7/11 at 100.00 | Aaa | 361,440 |
| 2,340 Total Utah | | | 2,362,009 |
| Virginia – 0.1% (0.1% of Total Investments) | | | |
| Chesterfield County Health Center Commission, Virginia, Mortgage Revenue Bonds, Lucy Corr Village, Series 2005, 5.375%, 12/01/28 | 12/15 at 100.00 | N/R | 845,710 |
| Washington – 14.4% (9.6% of Total Investments) | | | |
| Bellingham Housing Authority, Washington, Housing Revenue Bonds, Varsity Village Project, Series 2001A: | | | |
| 1,000 5.500%, 12/01/27 – NPFG Insured | 12/11 at 100.00 | Aa3 | 1,005,500 |
| 2,000 5.600%, 12/01/36 – NPFG Insured | 12/11 at 100.00 | Aa3 | 2,005,640 |
| King County, Washington, Sewer Revenue Bonds, Series 2009, | 1/19 at | | |
| 2,500 5.250%, 1/01/42 | 100.00 | AA+ | 2,510,325 |
| Port of Seattle, Washington, Revenue Bonds, Series 2001B: | | | |
| 2,535 5.625%, 4/01/18 – FGIC Insured (Alternative Minimum Tax) (UB) | 10/11 at 100.00 | Aa2 | 2,600,302 |
| 16,000 5.100%, 4/01/24 – FGIC Insured (Alternative Minimum Tax) (UB) | 4/11 at 100.00 | Aa2 | 15,653,760 |
| Public Utility District 1, Benton County, Washington, Electric Revenue Refunding Bonds, Series 2001A, 5.625%, 11/01/15 (Pre-refunded 11/01/11) – AGM Insured | 11/11 at 100.00 | AA+ (4) | 1,496,174 |
| Public Utility District 1, Benton County, Washington, Electric | 11/11 at | | |
| 650 Revenue Refunding Bonds, Series | 100.00 | AA+ | 671,515 |

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| 2001A, 5.625%, 11/01/15 – AGM Insured Seattle, Washington, Municipal Light and Power Revenue Refunding 4,235 and Improvement Bonds, Series | 3/11 at 100.00 | AA+ (4) | 4,253,380 |
| 2001, 5.500%, 3/01/18 (Pre-refunded 3/01/11) – AGM Insured Seattle, Washington, Municipal Light and Power Revenue Refunding 1,445 and Improvement Bonds, Series | 3/11 at 100.00 | AA+ (4) | 1,453,135 |
| 2001, 5.500%, 3/01/18 (Pre-refunded 3/10/11) – AGM Insured Tacoma, Washington, Solid Waste Utility Revenue Refunding Bonds, 4,530 Series 2001, 5.250%, 12/01/21 (Pre-refunded 12/01/11) – AMBAC Insured | 12/11 at 100.00 | AA (4) | 4,711,698 |
| Washington State Health Care Facilities Authority, Revenue Bonds, 3,720 Children’s Hospital and Regional Medical Center, Series 2001, 5.375%, 10/01/18 (Pre-refunded 10/01/11) – AMBAC Insured | 10/11 at 100.00 | Aa3 (4) | 3,841,160 |
| Washington State Health Care Facilities Authority, Revenue Bonds, Good Samaritan Hospital, Series 2001: | | | |
| 5,480 5.500%, 10/01/21 (Pre-refunded 10/01/11) – RAAI Insured | 10/11 at 101.00 | BBB– (4) | 5,717,668 |
| 25,435 5.625%, 10/01/31 (Pre-refunded 10/01/11) – RAAI Insured Washington State Health Care Facilities Authority, Revenue Bonds, Group Health Cooperative of Puget Sound, Series 2001: | 10/11 at 101.00 | BBB– (4) | 26,559,227 |
| 3,005 5.375%, 12/01/17 – AMBAC Insured | 12/11 at 101.00 | BBB | 3,040,068 |
| 2,915 5.375%, 12/01/18 – AMBAC Insured | 12/11 at 101.00 | BBB | 2,939,282 |
| 76,890 Total Washington Wisconsin – 2.5% (1.6% of Total Investments) Appleton, Wisconsin, Waterworks Revenue Refunding Bonds, Series 2001: | | | 78,458,834 |
| 3,705 5.375%, 1/01/20 (Pre-refunded 1/01/12) – FGIC Insured | 1/12 at 100.00 | N/R (4) | 3,870,834 |
| 1,850 5.000%, 1/01/21 (Pre-refunded 1/01/12) – FGIC Insured Wisconsin Health and Educational Facilities Authority, Revenue 1,000 Bonds, Franciscan Sisters of Christian Charity HealthCare Ministry, Series 2007, 5.000%, 9/01/33 | 1/12 at 100.00 | N/R (4) | 1,926,477 |
| Wisconsin Health and Educational Facilities Authority, Revenue 350 Bonds, Froedtert and Community Health Obligated Group, Series 2001, 5.375%, 10/01/30 | 9/17 at 100.00 | BBB+ | 830,810 |
| Wisconsin Health and Educational Facilities Authority, Revenue 3,650 Bonds, Froedtert and Community Health Obligated Group, Series 2001, 5.375%, 10/01/30 (Pre-refunded 10/01/11) | 10/11 at 101.00 | AA– | 342,696 |
| Wisconsin Health and Educational Facilities Authority, Revenue 2,500 Bonds, Marshfield Clinic, Series 2001B, 6.000%, 2/15/25 | 10/11 at 101.00 | AA– (4) | 3,805,271 |
| 330 | 2/12 at 100.00 | BBB+ | 2,500,375 |
| | | BBB+ | 274,989 |

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| | | |
|---|-------------------|-------------|
| Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Wheaton Franciscan Services Inc., Series 2003A, 5.125%, 8/15/33 | 8/13 at 100.00 | |
| 13,385 Total Wisconsin | | 13,551,452 |
| \$ 974,493 Total Municipal Bonds (cost \$856,804,878) | | 818,290,095 |

| Shares | Description (1) | Value |
|---------|--|---------------|
| | Investment Companies – 0.6% (0.4% of Total Investments) | |
| 6,266 | BlackRock MuniHoldings Fund Inc. | \$ 92,486 |
| 26,880 | Dreyfus Strategic Municipal Fund | 202,406 |
| 131,278 | DWS Municipal Income Trust | 1,446,684 |
| 43,020 | Invesco Van Kampen Investment Grade Municipal Trust | 562,272 |
| 30,000 | Invesco Van Kampen Municipal Opportunity Trust | 379,200 |
| 43,420 | PIMCO Municipal Income Fund II | 432,029 |
| | Total Investment Companies (cost \$3,325,133) | 3,115,077 |
| | Total Investments (cost \$860,130,011) – 151.2% | 821,405,172 |
| | Floating Rate Obligations – (12.6)% | (68,408,650) |
| | MuniFund Term Preferred Shares, at Liquidation Value – (12.9)% (8) | (70,000,000) |
| | Other Assets Less Liabilities – 5.3% | 28,671,276 |
| | Auction Rate Preferred Shares, at Liquidation Value – (31.0)% (8) | (168,400,000) |
| | | \$ |
| | Net Assets Applicable to Common Shares – 100% | 543,267,798 |

Fair Value Measurements

In determining the fair value of the Fund's investments, various inputs are used. These inputs are summarized in the three broad levels listed below:

Level 1 – Quoted prices in active markets for identical securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodologies used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the Fund's fair value measurements as of January 31, 2011:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------|--------------|----------------|------------|----------------|
| Investments: | | | | |
| Municipal Bonds | \$ — | \$ 818,110,095 | \$ 180,000 | \$ 818,290,095 |
| Investment Companies | 3,115,077 | — | — | 3,115,077 |
| Total | \$ 3,115,077 | \$ 818,110,095 | \$ 180,000 | \$ 821,405,172 |

The following is a reconciliation of the Fund's Level 3 investments held at the beginning and end of the measurement period:

| | Level 3 Municipal Bonds |
|--|----------------------------|
| Balance at the beginning of period | \$ 187,349 |
| Gains (losses): | |
| Net realized gains (losses) | — |
| Net change in unrealized appreciation (depreciation) | (7,349) |
| Purchases at cost | — |
| Sales at proceeds | — |
| Net discounts (premiums) | — |
| Transfers into | — |
| Transfers out of | — |
| Balance at the end of period | \$ 180,000 |

During the period ended January 31, 2011, the Fund recognized no significant transfers to/from Level 1, Level 2 or Level 3.

Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate securities reflected as financing transactions, if any. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not

require reclassification. Temporary and permanent differences do not impact the net asset value of the Fund.

At January 31, 2011, the cost of investments was \$794,633,839.

Gross unrealized appreciation and gross unrealized depreciation of investments at January 31, 2011, were as follows:

| | |
|---|----------------|
| Gross unrealized: | |
| Appreciation | \$ 15,088,807 |
| Depreciation | (56,674,565) |
| Net unrealized appreciation (depreciation) of investments | \$(41,585,758) |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investor Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for inverse floating rate transactions.
- (6) The Fund's Adviser has concluded this issue is not likely to meet its future interest payment obligations and has directed the Fund's custodian to cease accruing additional income on the Fund's records.
- (7) Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board of Directors/Trustees. For fair value measurement disclosure purposes, investment categorized as Level 3.
- (8) MuniFund Term Preferred Shares and Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments are 8.5% and 20.5%, respectively.
 N/R Not rated.
- (ETM) Escrowed to maturity.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction.

Item 2. Controls and Procedures.

- a. The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).

- b. There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)), exactly as set forth below: See EX-99 CERT attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Dividend Advantage Municipal Fund 3

By (Signature and Title) /s/ Kevin J. McCarthy
Kevin J. McCarthy
Vice President and Secretary

Date April 1, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman
Gifford R. Zimmerman
Chief Administrative Officer (principal executive officer)

Date April 1, 2011

By (Signature and Title) /s/ Stephen D. Foy
Stephen D. Foy
Vice President and Controller (principal financial officer)

Date April 1, 2011